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E-00000XX-13-0214

Dear Chairman Stump and Commissioners:

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I write to urge you to reject the staff proposals to eliminate the Arizona Electric and Natural Gas Energy Efficiency Standards adopted in Docket #E-00000XX-13-0214 and maintain the present standards.

AZ CORP COMMISSION
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ORIGINAL

This Commission unanimously adopted a 22% energy efficiency standard in 2010 for electric utilities and 6% for gas utilities, making Arizona a national leader in energy efficiency and benefitting all residents of the state. The various programs that Southwest Gas, TEP and APS have developed, ranging from discounted CFL bulbs to rebates for more efficient motors, have delayed the need for new power plants, reduced the cost of expensive peak power, and helped the utilities save money. Also saving money, with help from these programs, have been residents and small businesses, who used the rebates to install more efficient equipment, rather than just the cheapest, which often is not efficient. These are investments in the future, which will help all of us in the state.

Likewise, many of these investments in more efficient equipment likely acted as a precursor to investing in renewable energy, thus doubling the value of the efficiency improvements. First, jobs were created to install, say, more insulation in a home, then the insulation had to be manufactured (in Arizona) to meet that job order, then solar was installed by Arizona workers employed by an Arizona company to install the solar panels, etc. The homeowner wins, the utility wins, the employment market wins, the insulation manufacturer wins, the solar installer wins. Perhaps the only down side is that no solar panels are manufactured in the state any longer, so we can't have an all-Arizona job! But the cities and counties where the employees live, work, buy goods and pay taxes are winners too.

The Commission heard over 40 witnesses in Tucson a few years ago when a hearing was held to discuss TEP's proposed Energy Efficiency program. Essentially all of the speakers, from insulation contractors to homeowners to utility ratepayers supported more efficiency programs and the incentives necessary to support them. It was only Commission action that reduced, delayed and deferred many energy conservation projects, finally allowing only a limited menu for a portion of that year. The proposed action here would take similar action on a much broader basis with much more significant cuts. There is no reason to think that the public is not even more enraged now!!

Who would benefit from the elimination of these programs? Well, coal companies who could sell utilities more coal. Likewise natural gas companies and merchant gas power stations. Companies manufacturing lower-efficiency equipment that is cheaper than higher efficiency products would likely capture a larger share of the market. Electricity and gas usage would increase and utilities would sell more product.

None of these outcomes are beneficial to Arizonans.

Many studies have shown that "nega-watts" and the equivalent "nega-therms" are the cheapest way to meet demand for electricity and gas. Energy efficiency programs are designed to produce those "negas." Eliminating the percentage requirements for Arizona's regulated utilities (hopefully SRP will continue with its unregulated EE program!!!) and changing the evaluation methodologies to restrict the number of programs likely to be approved in the future will not produce nega-watts. Such a policy will not result in articles about Arizona's leadership in the energy field. Such a policy will not help Arizona comply with new EPA air quality regulations under Section 111. Such a policy would only be a setback, a lasting legacy to a lack of leadership, and a double black eye for a program that had so much potential and so much support, only to be dumped for obscure and unsupportable reasons.

Please retain and expand the utility energy efficiency program and standards.

Bruce Plenk
Tucson